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SUBJECT: EVO BLAMES CIA FOR YPFB SCANDAL; POLICE'S MILGP BAN

REF: A. LA PAZ 194
[1](#)B. LA PAZ 176
[1](#)C. LA PAZ 156
[1](#)D. LA PAZ 111

Classified By: A/EcoPol Chief Brian Quigley for reasons 1.4 (b)(d)

[1](#)1. (C) Summary: Despite overtures to the Obama Administration in general, President Morales and Government Minister Rada continued the GOB's now familiar barrage of U.S.-blaming and blasting February 20-21. This time the target was the CIA, blamed for the corruption and murder scandal involving Bolivian state petroleum company YPFB. Although President Morales stated names would be forthcoming, so far only one name has emerged, Rodrigo Carrasco, a Bolivian national and former member of an elite, U.S.-supported Bolivian police force. Morales claimed February 24 that Carrasco had orchestrated a "network of corruption" at YPFB on behalf of the CIA and USAID. Meanwhile, Rada shut off all police participation in training sponsored by the Embassy's Military Group. These are confusing signs from a government that in recent months has constantly stated it wants to improve relations. End Summary.

[1](#)2. (U) President Morales blamed the CIA for a high-profile corruption and murder scandal concerning Bolivia's state-owned petroleum company YPFB (reftels b and c). During February 20 comments in the coca-growing region and Morales stronghold of Chapare, the Bolivian President denounced YPFB infiltration by United States Central Intelligence Agency and implied the CIA was to blame for the scandal, without providing any details beyond that the CIA had "bugged" YPFB. "Lamentably, the CIA was involved in YPFB and some (ruling party) MAS members have been involved in this infiltration," said Morales. "After their (USG) failures, when they tried to take me out of Government, through recall referendum and civil coup, now they are attacking (my government) through YPFB." Ex-President of YPFB and powerful MAS ex-Senator Santos Ramirez is accused of having illegally contracted \$86 million in natural gas development with a dubious company. Morales added he would announce names of those involved with the CIA "soon."

Bait and Switch: "Savage Capitalists" Corrupt, not GOB

13. (U) President Morales said that "from overseas, from the United States" legal protection is being provided to the "corrupt people who were inside YPFB" with lawyers who are experts "in defending criminals." "This is a group that represents savage capitalism, that represents the big transnational corporations. They don't care about poverty, they don't care about life or humanity, only about how to bring capital into a few hands," said Morales.

Rada's Case by Association: "Draw Your Own Conclusions"

14. (U) The next day Government Minister Alfredo Rada announced Rodrigo Carrasco Jhansen had infiltrated YPFB as a CIA operative. Carrasco is a former elite police officer with the Special Operations Command (Copes) and YPFB marketing manager. Rada claimed the Copes, disbanded in 2008, was created and funded by the USG to carry out intelligence gathering for "the U.S. Embassy." "Carrasco Jhansen was a member of Copes, a former policeman. You draw your own conclusions," said Rada. (Note: Carrasco retired from the police force in 2004 and started working at YPFB in 2007. End Note.) Carrasco was arrested, questioned, and released February 19 on charges of concealing and confiscating computer information relevant to the YPFB corruption/murder case. According to current YPFB President Carlos Villegas, "Carrasco was caught red-handed, trying to remove information from a computer."

Morales Explains CIA/USAID "Network of Corruption"

15. (U) Morales piled on February 24 with fresh allegations that Carrasco had helped the CIA "penetrate YPFB." As proof, Morales claimed Rodrigo Abraham Carrasco Kreuzer (note different second last name) had participated in over 15 courses in the United States, including CIA training and military training at the School of the Americas. (Note: MILGP confirms a Rodrigo Carrasco attended a 1993 counternarcotics operations course at the School of the Americas, now called WHINSEC-Western Hemisphere Institution for Security Cooperation. End Note.) "The School of the Americas stands out among those centers, and I do not have to explain its mission to the Bolivian people," said Morales. Morales further claimed that Carrasco used the facade of a security expert in the hydrocarbons section to work for the CIA in Argentina, Brazil, Chile, and Iraq, in addition to establishing a "network of corruption" in YPFB. Morales added that he had several times tried to have Carrasco removed for his close relationship with the Embassy's CIA and USAID sections, implying a nefarious role for USAID "because it reports to the State Department." Morales added that Carrasco, and the CIA by extension, was also to blame for fuel shortages and that other ex-YPFB officials were also being investigated.

Prosecutor, Senate, Police Deny Investigation of CIA Ties

16. (U) Despite the public claims against Carrasco, the prosecutor in the case, Cesar Romano, rejected February 25 that Carrasco was being investigated for anything beyond corruption. "We are only investigating the irregularities that occurred with Catler-Uniservice (the private company involved in the YPFB scandal) ... I can't comment on what we are not investigating," said Romano. The Vice-Minister of Transparency, Nardi Suño, added that she plans to investigate Carrasco for using false credentials as a commercial engineer to obtain his YPFB position. A member of the Senate Anti-Corruption Committee and the National Director of Personnel for the Bolivian National Police likewise denied any investigation into or knowledge of Carrasco CIA links.

Carrasco/Embassy Speak

¶17. (U) Carrasco told the media February 25 that working with the Copes special police force only proves only that he was a Bolivian policeman, working for the Bolivian state. "This seems to me something totally ridiculous, I'm not an infiltrator, I'm not a member of the CIA, I'm a Bolivian that loves his country." Carrasco's lawyer has called the accusations "infantile." The Embassy issued a press release February 25 that "rejects this new accusation without foundation or a single proof. We lament this new intent to use the United States as a domestic political tool."

The Rest of the Story

¶18. (C) Ruling Movement Toward Socialism (MAS) Party Congresswoman Ana Lucia Reis (strictly protect) told PolOff that during a February 4 meeting of MAS congressmen, Vice President Alvaro Garcia Linera gave the group marching orders for dealing with the recent Santos Ramirez/YPFB corruption/murder scandal: "You are not to say anything except that the case is being investigated and you support the investigation." Reis said Garcia Linera told congressmen that the government was genuinely concerned about combating corruption and that "the hand of the United States is surely behind this." Although he didn't push back publicly, she said Lower House President Edmundo Novillo was questioning the links with U.S. and trying to get congressmen to keep the United States out of public comments. Reis thought Novillo may have been motivated to keep anti-U.S. statement mute due to his recent meeting with the Charge', which she said Novillo thought was "very positive" (reftel a).

Security Forces Slip Sliding Away from MILGP Training

¶19. (C) The Ministry of Government also decided February 18 to indefinitely cancel participation in police training sponsored by the Embassy's Military Group. We found out about the change from two Bolivian National Police (BNP) officers scheduled to attend the Strategy and Defense Policy course in Washington. According to a letter from Minister Rada to Bolivian Police Commander General Miguel Gemio, "all trips to the United States by police officials are suspended until further notice." This constitutes about half of all remaining MILGP training slots, as the Bolivian military has already instituted a ban on WHINSEC (Western Hemisphere Institute for Security Cooperation) courses and other courses with a strategic or doctrinal focus a year ago. In a separate case, the Bolivian military pulled a participant in a counter-terrorism course at CHDS (Center for Hemispheric Defense Security) courses and confirmed no additional uniformed Bolivians would be allowed to attend. MILGP is concerned this is another step to shutting the MILGP down completely in Bolivia (reftel d). MILGP is still waiting for the Bolivian Ministry of Defense to fill nine slots for three pending MILGP funded trainings or conferences in February and March. Since January the MOD required that training requests be approved directly by MOD, instead of the previous practice of approving through the office of the armed forces commander.

Explaining Bilateral Schizophrenia: Love Obama, Hate USG

¶10. (C) Contacts in the MAS and ministries have been telling us for months how much the government is genuinely optimistic that relations will improve under the Obama Administration. We understand both Morales and hard-line Presidency Minister Juan Ramon Quintana (also a School of the Americas alum) watched the inauguration live and that Foreign Minister Choquehuanca is "searching for a safe way to engage," according a close MFA contact (see septel on 2/25 Charge' meeting with Choquehuanca). Yet Morales Administration officials attack and accuse USG agencies, then blithely add they hope relations will improve.

¶11. (C) As Senate Vice President Luis Ortiz (MAS, Chuquisaca; strictly protect) explained to PolOff February 19, the MAS

mind does not see a contradiction: Obama may be good, but the tentacles of the USG are still acting at the behest of evil "neoliberals" and vestige Bush appointees. The MAS dissident expounded that Morales perceives government careerists and whole branches of his own government, particularly the judiciary, as highly politicized and still acting in the interests of previous administrations. Viewing the world through the prism of his own narrow domestic experiences, Ortiz reasons Morales does not equate attacks on the USG with attacks on Obama and may actually think he's doing President Obama a favor by exposing "rogue" elements of the USG.

Comment

¶12. (C) Blaming us for the YPFB scandal and banning BNP from MILGP training is a strange way to show us they "want relations to improve," per the MAS' current mantra of choice.

Ortiz's observation that the MAS view the USG and Obama as distinctly separate entities is as good an explanation as we've heard for the Morales bipolar bilateral discourse, but the MAS' standard olive branch rhetoric may also just be a throwaway line to appeal to MAS moderates and the international audience. This particular attack exposes how desperate the GOB has become to focus blame for the YPFB scandal elsewhere, as it threatens to accentuate existing MAS divisions, and may have a shelf life beyond the typical GOB conspiracy theory. We remain the scapegoat of choice, stated affinities for President Obama notwithstanding. End Comment.

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